

The complaint

Mr M complains Currencies Direct Ltd (“Currencies Direct”) gave him incorrect information about a foreign currency transfer.

What happened

Mr M opened an account with Currencies Direct and deposited a significant amount of US Dollars “USD” with them with a view to converting it to sterling “GBP” for a pending or a property purchase. On 31 May 2023 he called them and booked a trade to convert the currency. Shortly after this he contacted them as he was unhappy with the rate used in that trade. In essence he was under the impression he’d get a better rate from the original phone call booking the trade. And he felt, once the transfer was completed the rate wasn’t that originally provided to him in the call. Mr M complained and would like Currencies Direct to honour the rate they’d advised.

Currencies Direct didn’t uphold his complaint. In its final Response Letter “FRL” it said Mr M had been quoted a rate of 0.7825 and had agreed to trade at that rate for the quoted amount of GBP. It was satisfied Mr M had entered a legally binding contract with a clear understanding of what he was selling. It also thought he’d been given clear advice and guidance during the call.

Our investigator upheld the complaint. After reviewing the information and calls they thought, Currencies Direct did make an error by misreading the first rate to Mr M as 0.8725. However, it did later provide the correct rate 0.7825 on the same call. The investigator thought as the numbers were similar in both rates it seemed most likely that they had been swapped around by the agent in error. The investigator also thought it was reasonable to think Mr M ought to have noticed the different rates he was being advised in the same call. But he thought Currencies direct should offer Mr M £100 compensation for the time he’d spent contacting Currencies Direct and the stress and inconvenience this caused him as he was transferring the funds in advance for a property purchase.

Currencies Direct accepted the decision and award of £100 compensation but Mr M didn’t and asked for an ombudsman’s decision. He told us he’d been misled by Currencies Directs deceitful promotional and sales communication about bank-beating exchange rate to set up his account and transfer his property completion money to it with a view to exchanging the money at short notice. He said he expected the exchange rate Currencies Direct offered should have been no worse than average bank conversion rates whereas, he thought, the rate it gave him was unconscionably exorbitant.

What I’ve decided – and why

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

I’ve listened to the call between Mr M and Currencies direct where this transaction is outlined and authorised. It’s a short call just under 4 minutes long.

Although, in the FRL, Currencies Direct say the rate of 0.7825 was quoted to Mr M its clear from listening to the call that the rate it initially gave Mr M was different. Namely the rate of 0.8725. So, I think it *made a mistake* with the rate here. But they *didn't make a mistake* when they went on to tell Mr M the actual final amount he'd receive. Mr S was told the amount he'd receive (which he did) and said he was happy to proceed.

In the call recording Mr M is initially told the incorrect rate of 0.8725. But when he's given the erroneous rate, he's also told the precise amount of GBP he will actually receive. He tells the operative to go ahead. After that, the operative confirms the correct account details for the funds to be paid into, states that this call is a legally binding contract and Mr M confirms he's happy to proceed. The operative then reconfirms the details to Mr M but gives a different exchange rate - this time the correct rate of 0.7825 - and reconfirms the same final amount of GBP he'll receive into his chosen sterling account, which is as mentioned minutes earlier in the call when the wrong rate was given.

As much as I understand Mr M's frustrations with what he was told about the rate initially, he agreed to the transfer knowing the precise amount of GBP he'd receive. That's remained consistent. So, although a mistake has been made, I can't agree there's been a loss to Mr M here as the amount he's received is the amount he was told he would, immediately before he agreed to go ahead. But there's no doubt an incorrect exchange rate was quoted initially by Currencies direct - most likely as a result of two of the figures from the rate being swapped - and as a result there's been inconvenience.

In respect of the incorrect exchange rate, I think the compensation our investigator has suggested and Currencies Direct have agreed to is a fair amount to reflect the inconvenience and frustration to Mr M here. It's the sort of award I'd have suggested had it not been offered.

Putting things right

Currencies Direct Ltd should pay Mr M £100 for the distress and inconvenience its caused.

My final decision

My final decision is that I uphold this complaint. Currencies Direct Ltd should pay Mr M £100 for the distress and inconvenience its caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 14 March 2024.

Annabel O'Sullivan
Ombudsman